

Message Text

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63

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 RSR-01 /154 W

----- 066981

R 272207Z AUG 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4917

C O N F I D E N T I A L SAN JOSE 3031

E.O. 11652: GDS

TAGS: ENRG, ETRD, EIND, CS

SUBJ: GOOCR CONTEMPLATING DELAYING PRICE INCREASES FOR RECOPE

1. DURING LUNCHEON TODAY, MINISTER OF
INDUSTRY KOGAN TOLD ME THAT HE DID NOT SEE
HOW PROMISED PRICE INCREASES COULD BE GRANTED
RECOPE BEFORE ELECTIONS, AND HE WANTED
TO POSTPONE SUCH INCREASES UNTIL THE END OF
FEBRUARY. IT WAS CLEAR FROM THE CONTEXT OF
THE CONVERSATION AND THE WAY HE BROUGHT IT UP
THAT HE WAS SEEKING OUR SUPPORT FOR THAT POSITION
IF NOT OUR ACTUALLY PASSING THE MESSAGE. I
TOLD KOGAN THAT THE BEST THING HE COULD DO IF
HE FELT THERE WAS A DIFFICULT POLITICAL PROBLEM
WAS TO GO BACK AND SPEAK FRANKLY TO ALLIED.
ALLIED FELT IT HAD A PROMISE, AND THERE WAS
JUSTIFICATION FOR THE INCREASE. HIS
PROBLEM, I THOUGHT, WAS TO ASSURE ALLIED
THAT IT WOULD GET THE INCREASE, AND I DID
NOT KNOW HOW HE WAS GOING TO DO THAT. IN
ANY CASE, I TOLD HIM, THERE WAS NO POINT IN
OUR (THE EMBASSY OR USG) GETTING IN THE
MIDDLE; KOGAN SAID HE THOUGHT HE WOULD TAKE THE
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MATTER UP WITH FLOWERS AND/OR TEVER-

BOUGH, AND WOULD KEEP US ADVISED.

2. COMMENT: WHETHER IT LOGICALLY SHOULD BE OR NOT,
THE GOCR SEEMS TO HAVE CONVINCED ITSELF THAT FUEL PRICE
INCREASES WILL BE A POLITICAL PROBLEM, AND KOGAN IS CLEARLY LOATHE
TO BITE THE BULLET. WHETHER AND HOW HE COULD CONVINCE ALLIED
HE WILL PRODUCE LATER WHAT THE GOCR KEEPS POSTPONING IS
HARD TO SAY. WE PLAN TO SEE KOGAN AGAIN IN A DAY OR TWO AND
SUGGEST THAT HE THINK TWICE ABOUT POSTPONING PRICE-INCREASE
ACTION.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANJO03031
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS VAKY
Errors: N/A
Film Number: n/a
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730813/aaaaajhm.tel
Line Count: 72
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by thigpegh>; APPROVED <11 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOCR CONTEMPLATING DELAYING PRICE INCREASES FOR RECOPE
TAGS: ENRG, ETRD, EIND, CS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005